

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

February 22, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

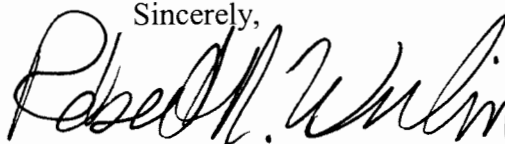
Re: NSTAR Electric/NSTAR Gas, D.T.E. 05-85

Dear Ms. Cottrell:

On behalf of NSTAR Electric and in compliance with requirements of paragraph 2.25 of the Settlement Agreement approved by the Department of Telecommunications and Energy on December 30, 2005, in the above-referenced matter, enclosed for filing is the Capital Projects Scheduling List.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosure

cc: Joseph W. Rogers, Assistant Attorney General
Service List

NSTAR Electric Capital Projects Scheduling List

D.T.E. 05-85

On December 30, 2005, the Department of Telecommunications and Energy (the “Department”) approved a Settlement Agreement between NSTAR, its operating subsidiaries, Boston Edison Company, Commonwealth Electric Company, Cambridge Electric Light Company (together, “NSTAR Electric” or the “Company”), and NSTAR Gas Company, and the Attorney General of the Commonwealth of Massachusetts (the “Attorney General”), the Low-Income Energy Affordability Network and Associated Industries of Massachusetts. Petition of Boston Edison Company et al., D.T.E. 05-85 (2005).

Under the terms of the Settlement Agreement, NSTAR Electric is required to provide the Attorney General and the Department with a Capital Projects Scheduling List (“CPSL”) by February 1, 2006. This filing is intended to comply with that requirement of the Settlement Agreement. The projects on the CPSL are from two new electric-infrastructure programs for the underground and overhead distribution system, referred to as: (a) the Underground Electrical Safety Survey and Remediation Program (the “Underground Electrical Safety Program”) and (b) the Double Pole Inspection, Replacement/Restoration and Transfer Program (the “Double-Pole Program”). As outlined by NSTAR Electric, these new programs are designed to improve reliability and safety through a significant ramp-up of activity to inspect and reinforce the underground distribution system and to improve and accelerate the Company’s mitigation of double poles. Only the prudently incurred incremental costs associated with these new Company programs may be eligible for recovery as a CPSL adjustment.¹ Settlement Agreement, ¶ 2.25.

A. The Underground Electrical Safety Survey and Remediation Program

From an overall perspective, the Underground Electrical Safety Program is structured: (1) to assess the condition of infrastructure in use on the NSTAR Electric underground electrical system; (2) to identify infrastructure that needs repair, replacement or remediation; and (3) to perform and complete high-priority repairs, replacements and remediation of that equipment on a timely basis. The specific high-priority maintenance and capital projects that the Company will undertake through these programs will result directly from the inspection and/or assessment process. High-priority repairs and replacements for the Underground Electrical Safety Program include items such as:²

- deteriorated cable and equipment replacements;

¹ CPSL adjustments shall be recovered in the same manner and by applying the same requirements as exogenous factors impacts. Settlement Agreement, ¶ 2.25.

² Expenditures made in relation to “Major Capital Projects and Programs” and “Outage Response and Follow-Up Replacements/Repairs” are not included in the Underground Electrical Safety Program. Major Capital Project and Programs are initiated to address system growth and capacity issues based on assessments of performance and equipment condition. They include cable and equipment replacements to serve both new and existing customers. Outage Response and Follow-Up Replacements/Repairs are corrective maintenance activities (inspections and repairs including cable and equipment replacements) needed as a result of system failures and outage follow-up.

- deteriorated joint repairs/remakes;
- re-racking of stressed/over tensioned cables;
- correction of critical grounding/bonding systems;
- arc-proofing/blast proofing of cables and joints to reduce manhole fires/events; and
- other high-priority corrective repairs discovered through the inspection process.

As these projects are carried out and completed, the Company will track and reconcile the incremental O&M costs and capital additions in accordance with Paragraph 2.25 of the Settlement Agreement, as it shall for all other projects on the CPSL.

With respect to the Underground Electrical Safety Program, the work plan includes:

- Manhole safety and reliability inspections and completion of inspection-related repairs, replacements and remediation;
- Damage inspections, voltage-indication testing and repairs and remediation of above-grade equipment supplied by the underground electric distribution system and within 10 feet of a manhole;
- Damage inspections, voltage-indication testing and repairs and remediation of NSTAR-owned secondary risers, secondary pedestals and padmount transformers in any location served by the underground distribution system and accessible to the public;
- Evaluation, assessment and potential deployment of new technology and equipment;
- Development of information systems to track inspections and compile results; and
- Additional forensic analysis of failed equipment.

The activities to be undertaken as part of the Company's Underground Electric Program are new activities or involve aggressive work schedules that are a significant ramp-up over test-year levels. As a result, the Company's work plan is anticipated to produce a substantial level of inspection-related high-priority repairs, replacements and remediation both in terms of O&M and capital projects. The projected costs associated with the Company's 2006 work plan are shown in Attachment 1.

B. The Double Pole Inspection, Replacement/Restoration and Transfer Program

The activities to be undertaken by the Company as part of the Double-Pole Program include:

- Elimination of double-pole sets created prior to January 2004 (estimated to be 1,175 electric facilities transfers and up to 3,600 pole removals, subject to the completion of transfers by responsible pole tenants);

- Elimination of up to 25 percent of double-pole sets created between January 2004 and December 31, 2005 (estimated to be 482 electric facilities transfers and up to 1,000 pole removals, subject to the completion of transfers by responsible pole tenants);
- Transfer and removal of new double-pole sets created in 2006 and beyond (estimated to be 2,500 for 2006);
- Ongoing pole inspections to determine condition of pole and to mitigate potential for double-pole set (estimated to be approximately 31,000 for 2006); and
- Ongoing completion of all priority distribution-pole replacements and restorations to mitigate new double-pole sets (estimated to be 2,800 for 2006).

The activities to be undertaken as part of the Double-Pole Program are new activities or involve aggressive work schedules that are a significant ramp-up over test-year levels. As a result, the Company's work plan is anticipated to produce a substantial level of inspection-related high-priority repairs, replacements and transfers both in terms of O&M and capital projects. The projected costs associated with the Company's 2006 work plan are shown in Attachment 2. In light of the increase in double pole replacement activity, NSTAR Electric is reviewing whether its pole-attachment rates are fully recovering from third-party attachers an appropriate level of allocated costs associated with costs of poles. If NSTAR Electric files for, and the Department approves higher attachment payments, any incremental revenues associated with higher payments will be used as credits against the costs of the Double-Pole Program.

Projected Costs of 2006 Work Plan for Underground Electrical Safety Program

Description	Volume	Expense	Capital	Capital Revenue Requirement	Total Cost for 2006 (n.1, 2, 3)
Prioritized Manhole Inspections & Related Repairs	5,500	\$7,757,250	\$1,087,000	\$190,986	\$7,948,236
Boston and Cambridge Testing & Remediation	32,500	\$938,168	\$300,000	\$54,930	\$993,098
Testing & Remediation Other Areas	15,000	\$433,001	\$400,000	\$73,240	\$506,241
New Technology & Equipment		\$708,000			\$708,000
Increased Forensic Analysis		\$100,000			\$100,000
Additional Labor and Other Allocated Costs		\$895,445			\$895,445
Total Cost Projected for 2006		\$10,831,864	\$1,787,000	\$319,156	\$11,151,020
Less, Test-Year Costs		\$890,367	N/A	N/A	\$890,367
Total Projected Incremental Cost for 2006		\$9,941,497	\$1,787,000	\$319,156	\$10,260,653

n.1: The cost data presented above are estimates based on current projections of activities and the related cost. Actual costs may vary based on inspection results, field conditions and other factors. Test-Year Costs are modified annually by the SIP adjustment.

n.2: 2006 costs equal the sum of Expense plus Capital Revenue Requirement

n.3: Cost estimates of manhole inspections include the cost of police details, set-up time at the job site and generally anticipated costs involved with access restrictions in occupying the public way. Set-up time is necessary for setting up work-zone traffic controls, performing gas detection and stray-voltage detection, and pumping and vactoring the manhole as necessary. However, special attention is necessary for pumping and cleaning tidal manholes, and therefore, costs are likely to vary from projected costs. In addition, actual inspection costs may be affected by a number of factors including accessibility of manholes, municipal permit requirements, as well as compliance with OSHA work area and manhole entry requirements.

Projected Costs of 2006 Work Plan for Double Pole Program

Description	Volume	Expense	Capital	Capital Revenue Requirement	Total Cost for 2006 (n.1, 2)
Pre-2004 Backlog (n.3)	1,175 (T) 3,600 (R)	\$1,114,458	\$720,000	\$131,472	\$1,245,930
Post-2004 Backlog through December 31, 2005 (3, 4)	482 (T) 1,000 (R)	\$457,165	\$200,000	\$36,520	\$493,685
Transfer & Removal of 2006 Double Pole Sets	2,500	\$2,371,188	\$500,000	\$91,300	\$2,462,488
Inspection-Related Pole Replacements & Restorations	2,800	\$1,888,554	\$2,835,000	\$517,671	\$2,406,225
Additional Labor Costs and Other Allocated Costs	N/A	\$50,000			\$50,000
Total Cost Projected for 2006		\$5,881,365	\$4,255,000	\$776,963	\$6,658,328
Less, Test-Year Cost		\$2,873,189	N/A	N/A	\$2,873,189
Total Projected Incremental Cost for 2006		\$3,008,176	\$4,255,000	\$776,963	\$3,785,139

- n.1: The cost data presented above are estimates based on current projections of activities and the related cost. Actual costs may vary based on inspection results, field conditions and other factors. Test-Year Costs are modified annually by the SIP adjustment.
- n.2: 2006 costs equal the sum of Expense plus Capital Revenue Requirement
- n.3: Transfers denoted by (T) and removals denoted by (R).
- n.4: 2006 goal is 25 percent of total outstanding post-2004 backlog.